

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2375-03  
Bill No.: HCS for HB 4  
Subject: Agriculture and Animals, Agriculture Dept.  
Type: Original  
Date: September 10, 2001

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$0-\$61,702)	(\$0-\$87,040)	(\$0-\$89,303)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$0-\$61,702)</b>	<b>(\$0-\$87,040)</b>	<b>(\$0-\$89,303)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Department of Agriculture (AGR)** assume the department would require an attorney in order to review the form of the contracts between meat packers and livestock sellers. **Oversight** assumes that since the proposal requires contract reviews be done in conjunction with the Attorney General's Office, the AGR would not require an attorney.

Officials of the **Attorney General (AGO)** assume that the AGO would need two Investigators in order to perform the mandatory investigations of livestock sellers' complaints of contract violations. Oversight has ranged AGO costs from \$0 to the amount requested because the number of complaints that would need to be investigated is unknown. Oversight uses the Office of Administration's (OA) merit system salary schedule for Investigator I. Oversight assumes the Investigators would be located within existing office space and has therefore not included costs for rent. Oversight uses OA's guidelines for one-time expense and equipment costs.

The **State Courts Administrator (CTS)** assumes this bill would have no fiscal impact on his agency.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Attorney General</u>			
Personal Service (2 FTE)	(\$0-\$25,476)	(\$0-\$52,226)	(\$0-\$53,532)
Fringe Benefits	(\$0-\$8,491)	(\$0-\$17,407)	(\$0-\$17,842)
Expense and Equipment	(\$0-\$27,735)	(\$0-\$17,407)	(\$0-\$17,929)
Total Cost - Attorney General	(\$0-\$61,702)	(\$0-\$87,040)	(\$0-\$89,303)
<b>TOTAL COST TO GENERAL REVENUE FUND</b>	<b><u>(\$0-\$61,702)</u></b>	<b><u>(\$0-\$87,040)</u></b>	<b><u>(\$0-\$89,303)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL IMPACT - Small Business

Livestock producers and small businesses involved in the meat packing industry could be fiscally impacted by this proposal.

## DESCRIPTION

This bill requires packers purchasing livestock in Missouri for slaughter to enter into a written contract with the seller of the livestock. The Department of Agriculture in conjunction with the Attorney General shall approve the form of such contracts. Packers shall provide a copy of any such written contract within one week of a request by the Attorney General for a copy of such contract.

The bill repeals the right of sellers of livestock who are discriminated against by packers to receive treble damages, costs, and reasonable attorney fees. It also repeals the right of any person injured by a violation of the livestock marketing law to bring suit under Chapter 407, RSMo. Any seller who has entered into a written contract under the provisions of this proposal and who believes he or she has been injured by a violation of provisions 277.200 through 277.215, RSMo, may refer a complaint to the Attorney General, who shall investigate the complaint.

Provisions requiring a packer purchasing livestock for slaughter not to discriminate in prices paid to sellers of that livestock are replaced with provisions that make it unlawful for a packer to:

- (1) Engage in any unfair, unjustly discriminatory, or deceptive practice;
- (2) Give any undue or unreasonable preference or advantage to any person or location in any respect whatsoever;
- (3) Sell or transfer to, for, or from any other packer with the effect of apportioning the supply between the packers, restraining trade, or creating a monopoly;
- (4) Sell or transfer any article with the effect of manipulating or controlling prices;
- (5) Engage in any business practice for the purpose of manipulating or controlling prices, creating a monopoly, or restraining commerce; or
- (6) Conspire with any other person to apportion territory for carrying on business, apportion purchases, or control prices.

The provisions of the bill are to be enforced by the Attorney General in a manner consistent with the purposes and intent of the Packers and Stockyards Act (7 U.S.C.A. Section 181).

The bill changes the expiration date of Sections 277.200-277.215, RSMo, to December 31, 2006.

The bill has an emergency clause.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture  
Attorney General  
State Courts Administrator

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA  
Director  
September 10, 2001